



Human Capital Management (HCM) and Payroll

Parag Sheth, Managing Director

Spring 2026

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any security or as an official confirmation of any transaction.

Introduction

Strong leader supported by an experienced core banking team

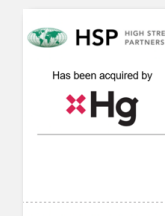
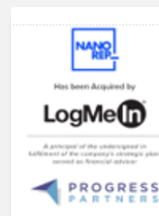
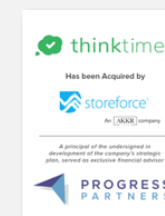


Parag Sheth Managing Director

Parag Sheth is a Managing Director at Progress Partners, bringing 30+ years of experience spanning three complementary perspectives: operator, investor, and advisor.

With a sales-and-marketing operating foundation, he's helped scale multiple venture-backed tech and tech-enabled services businesses, giving him a pragmatic, founder-empathic understanding of what it takes to build through the peaks and valleys of growth.

- 30+ years experience as a tech-focus operator with multiple exits, growth investor, and M&A banker
- Deeply familiar with payroll platforms including UKG, Ceridian, ADP, and several global payroll providers
- Hands-on experience scaling a workforce management business



Harsh Mehta | Associate

- 6+ years experience in M&A and corporate finance
- MBA, Babson College



Borja Jimenez | Intern

- 1+ years experience in corporate finance roles
- BBA, Northeastern University

HCM and Payroll Technology Overview

Demand Drivers

Cost pressure

Distributed workforces

Integrated platforms

Rising compliance complexity

Security & data governance

SMB digitization

Workforce analytics

Sustained Market Expansion

- The global HCM market is projected to grow from \$34.1B in 2025 to \$76.2B by 2034
- HR tech expanding alongside: \$40.5B (2024) to \$81.8B (2032); 9.2% CAGR

Cloud and Digital Transformation

- Cloud-based HCM and payroll solutions are increasingly preferred
- By implementing centralized global payroll systems, multinational corporations can cut labor costs by about 50.0%

Key Market Overview

AI & Automation Integration

- Artificial intelligence and automation are being incorporated to streamline HR processes

HR Tech Driving Employee Experience

- Cross-border payroll complexity (compliance + harmonization) is a key pain point, supporting centralized/global payroll platforms

Remote Work Accelerating Digital HCM Demand

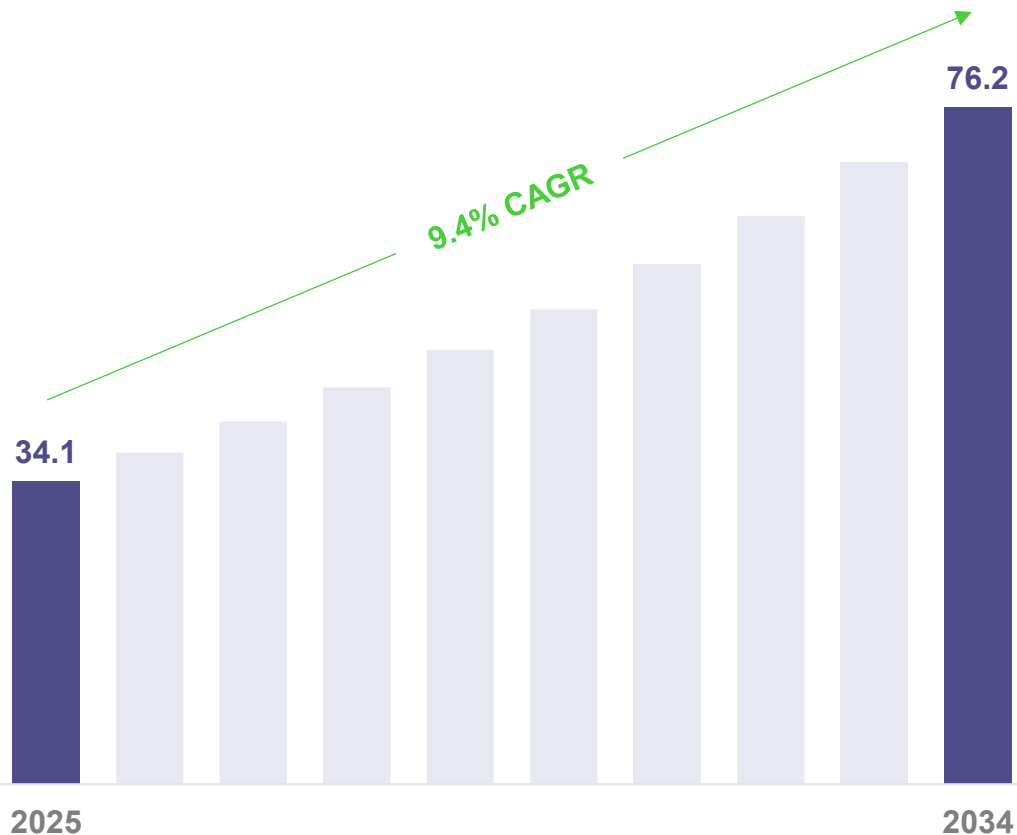
- Remote work adoption step-change: U.S. “worked from home five days/week” rose from 17.0% pre-2020 to 44.0% in recent years, expanding demand for distributed-workforce HR tools

HCM and Payroll Technology Key Trends

Steady growth led by SMB adoption and increased M&A activity leading to platform consolidation

Global HCM Market ⁽¹⁾

\$ Billions (B)



1) Fortune Business Insights (2026)

Key Market Dynamics



SMB-Led Payroll SaaS Adoption

Small and mid-sized businesses are increasingly migrating from legacy payroll solutions to cloud-based platforms, driven by ease of implementation, automated compliance, and pricing



Buyer Focus on Compliance & Embedded Payroll

Strategic and financial buyers are prioritizing platforms that integrate payroll, benefits, and compliance capabilities, reflecting demand for mission-critical, high-retention solutions



Strong Strategic and Private Equity Participation

Both strategic buyers and financial sponsors remain highly active in sub-\$500 million transactions, where the majority of HCM and payroll deal activity is concentrated

Market Restraints

- **Data Security, Privacy, and Regulatory Burden:** HCM platforms handle highly sensitive employee data; tightening privacy and security requirements increase compliance costs and vendor scrutiny
- **Implementation Complexity:** HCM/payroll deployments are resource-intensive, and replacing legacy systems can create long timelines, disruption risk, and user adoption challenges

Global M&A Backdrop - 2025

Increasing M&A activity in the HCM space amidst inconsistent global M&A



HCM & Payroll Gaining Share Within Technology

Payroll and HCM transactions continue to represent a growing share of overall technology M&A, supported by recurring revenue and compliance-driven demand



HR Services M&A Rebound

U.S. staffing M&A dipped to 93 deals in 2024. Q1 2025 deal volume rebounded ~25.0% YoY, signaling improving sponsor/strategic appetite off the trough



Record Dry Powder

PE is entering 2026 with record dry powder, supporting continued sponsor activity (a key tailwind into late-2025)



Services Sector Outperformance

Services M&A activity has increased 11.0% YoY



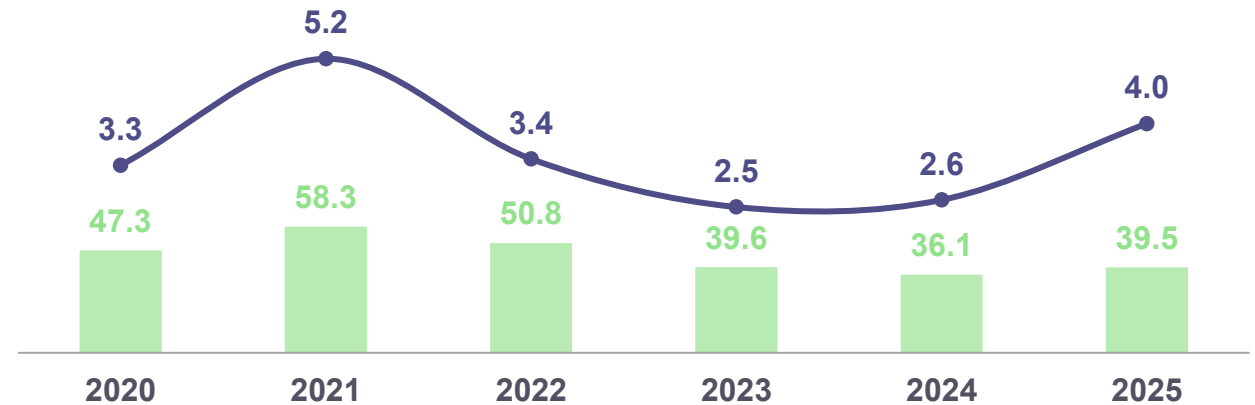
Structurally Resilient

HCM deal activity has averaged ~100 transactions per quarter over the past two years. Continued activity is supported by roll-up strategies aiming to create more unified “hire-to-retire” platforms (platform consolidation theme)

Global M&A Volume ⁽¹⁾

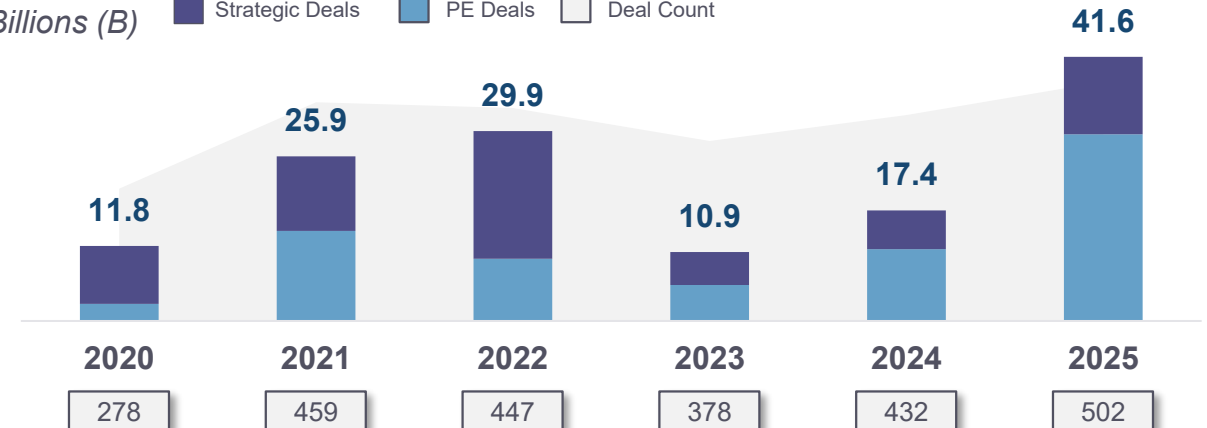
Number of Transactions (Green bars) Value of Transactions (Blue line)

Thousands ; \$ Trillions (T)



Global HCM M&A Volume and Deal Count ⁽²⁾

\$ Billions (B) Strategic Deals (Dark Blue), PE Deals (Light Blue), Deal Count (Grey)



1) Institute for Mergers, Acquisitions and Alliances 2) PitchBook

M&A Trends in HCM and HR Services

Consolidation by strategics in HCM and HR services, willing to pay high multiples

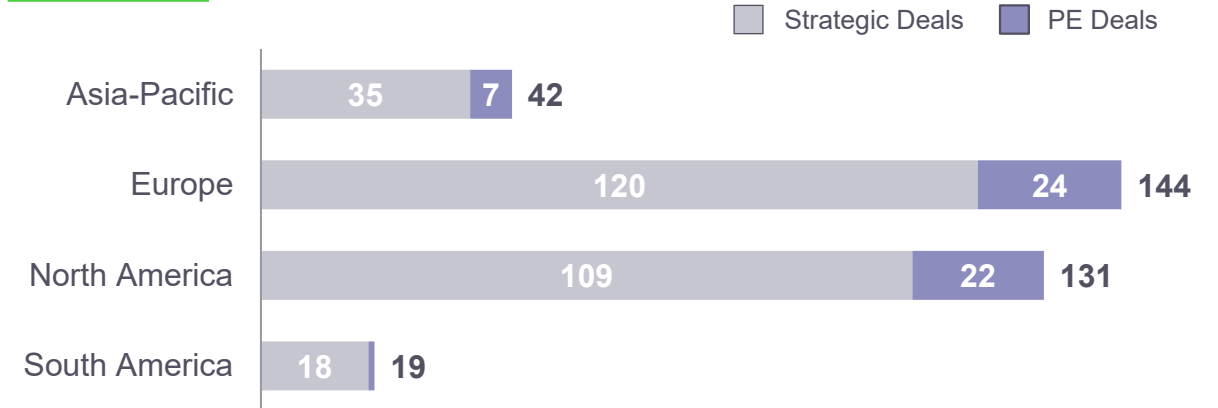
Key Dynamics

- HCM and payroll M&A activity remained steady, with 17 transactions completed in Q2 2025
- Buyer focus remains centered on payroll automation, HR analytics, and benefits platforms, where technology-enabled efficiency and compliance drive demand
- Valuation multiples for SaaS-based HCM assets have remained stable, with transactions generally occurring at approximately 3.0x - 7.0x revenue and 9.0x – 22.0x EBITDA
- Strategic acquirers, including Intuit, Deel, and iSolved, continue to drive the majority of transactions

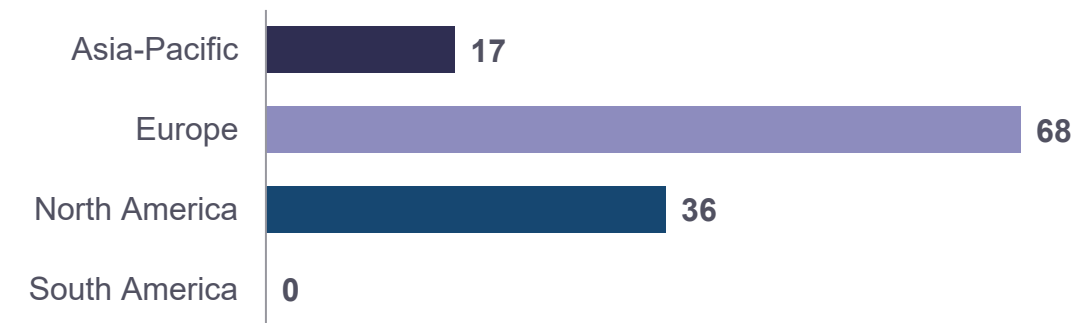
HR Services Specific

- **Sustained Transaction Volume:** ~120 HR services transactions completed globally since January 2024, reflecting steady deal activity
- **Staffing-Led M&A Activity:** Staffing, RPO, and employer-of-record models continue to account for the majority of transactions
- **Technology-Enabled Platforms in Focus:** Growing buyer interest in cross-border HR platforms and AI-enabled recruitment solutions
- **Active PE Platform Expansion:** Private equity sponsors expanding HR services platforms, with notable activity in the U.S., U.K., and India

HCM Strategic and Private Equity Buyer Activity by Region



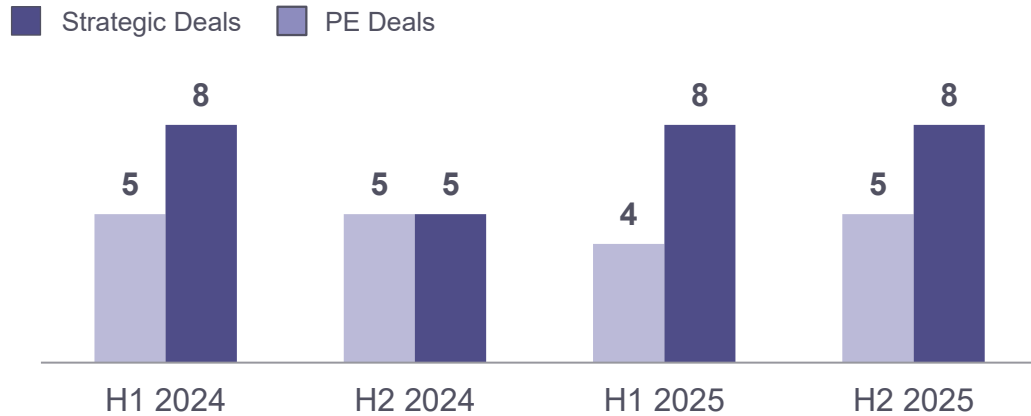
HR Services M&A Deal Volume by Region



M&A Trends in Payroll Technology

Deal Activity, Buyer Focus and Geographic Distribution – Payroll Technology

Global Payroll Technology M&A Activity - Deals Closed ⁽¹⁾



Key Dynamics



48 payroll technology transactions completed globally since January 2024

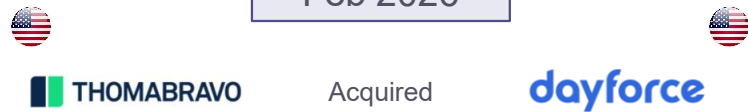
~70.0% of targets generated <\$100M in revenue

PE-backed consolidation remains active, including roll-ups and bolt-on acquisitions (e.g., iSolved, Paycor add-ons)

Integrated platforms combining time, benefits, and tax compliance continue to drive buyer interest

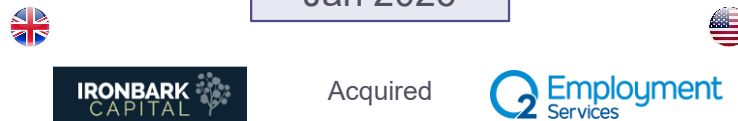
Key PE-Backed M&A Activity

Feb 2026



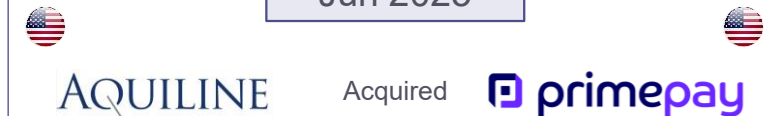
Thoma Bravo's acquisition of Dayforce strengthens its HCM and workforce management capabilities through an integrated payroll and HR SaaS platform

Jan 2026



Ironbark Capital-backed PrestigePEO's acquisition of O2 Employment Services expands its West Coast footprint and strengthens its California-focused PEO/HR outsourcing capabilities

Jun 2025



Aquiline's acquisition of PrimePay expands its SMB payroll and PEO capabilities through a broader, integrated human capital platform













1) PitchBook

M&A Activity in the HCM and Payroll Technology Space



	Date	Target	Acquirer	Valuation (\$M)	EV/Revenue	EV/EBITDA
Benefits Tech	Dec-2025	ONEDIGITAL	STONE POINT CAPITAL	7,000.0	8.0x	ND
	Jul-2024	let's connect	vivup	3.2	0.3x	13.8x
	Jul-2024	perkbox	Great Hill PARTNERS	164.4	3.5x	43.5x
Core HR/HRIS	Jan-2025	HUMI	employmenthero	100.0	7.7x	ND
	Nov-2023	INFOPOWER	ENTERSOFTONE	1.0	2.0x	6.0x
	May-2023	hr works	MAGUAR	253.2	ND	19.4x
Payroll	Feb-2026	dayforce	THOMABRAVO	12,420.0	6.2x	81.7x
	Sep-2025	Paycor	PAYCHEX	4,100.0	5.7x	34.7x
	Nov-2023	SSCL	sopra steria	557.7	2.0x	30.1x

M&A Activity in the HCM and Payroll Technology Space

	Date	Target	Acquirer	Valuation (\$M)	EV/Revenue	EV/EBITDA
Talent Management	Apr-2025			60.0	4.5x	12.0x
	Apr-2025			8.7	1.2x	9.6x
	Jun-2024			712.5	2.4x	11.5x
Workforce Management	May-2025			7.0	1.3x	4.0x
	Sep-2024			1,472.9	2.4x	ND
	Feb-2023			1.5	0.7x	8.4x

Key Takeaways

Robust 2025 Deal Activity



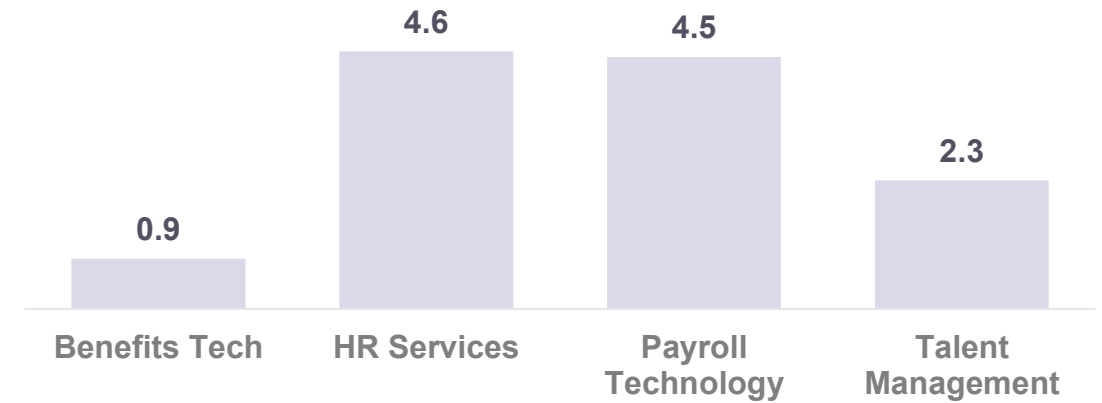
HCM and payroll technology M&A remains active in 2025, supported by steady buyer demand for mission-critical platforms

Sub-\$500M Deals Dominate



The majority of transactions are concentrated below **\$500M**, with competitive processes for high-quality assets

Median EV/Revenue Multiples (2025)



Strategic and Sponsor Appetite



Both strategic buyers and private equity sponsors continue to target SaaS, compliance, and benefits-led HCM verticals

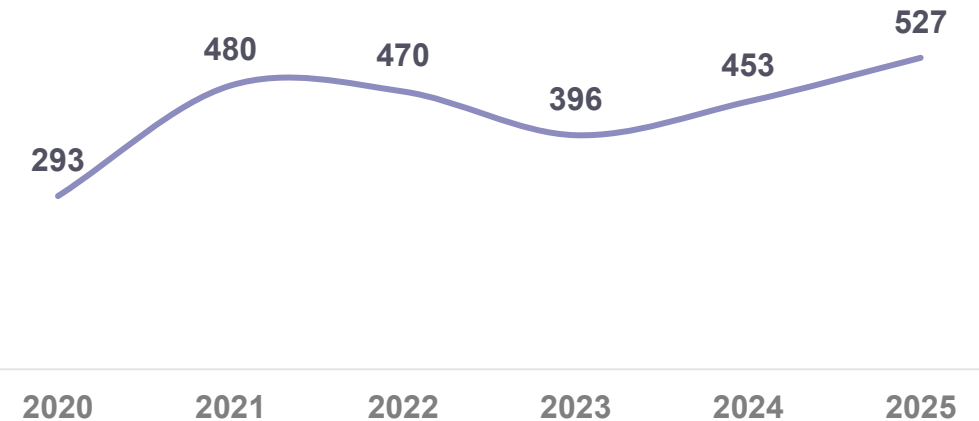
Stable Valuation Environment



Valuation ranges have remained broadly stable, with SaaS assets typically transacting at **~3.0-7.0x revenue** and **~9.0-22.0x EBITDA**

Payroll & HCM Deal Volume Trend (2020 – 2025)

Deals Closed



Progress Overview



- Founded in 2002
- Full-service technology investment bank
- Managing Directors based in Boston, New York, and Washington, DC
- Services include sell-side/buy-side M&A and capital raising
- Over 100 transactions and \$10B in value



- \$35M Fund IV (2020)
- \$1-1.5M initial check with 2-3x reserved for follow-ons
- Areas of focus include data management, AI/ML, measurement/analytics, and media automation

Notable LPs



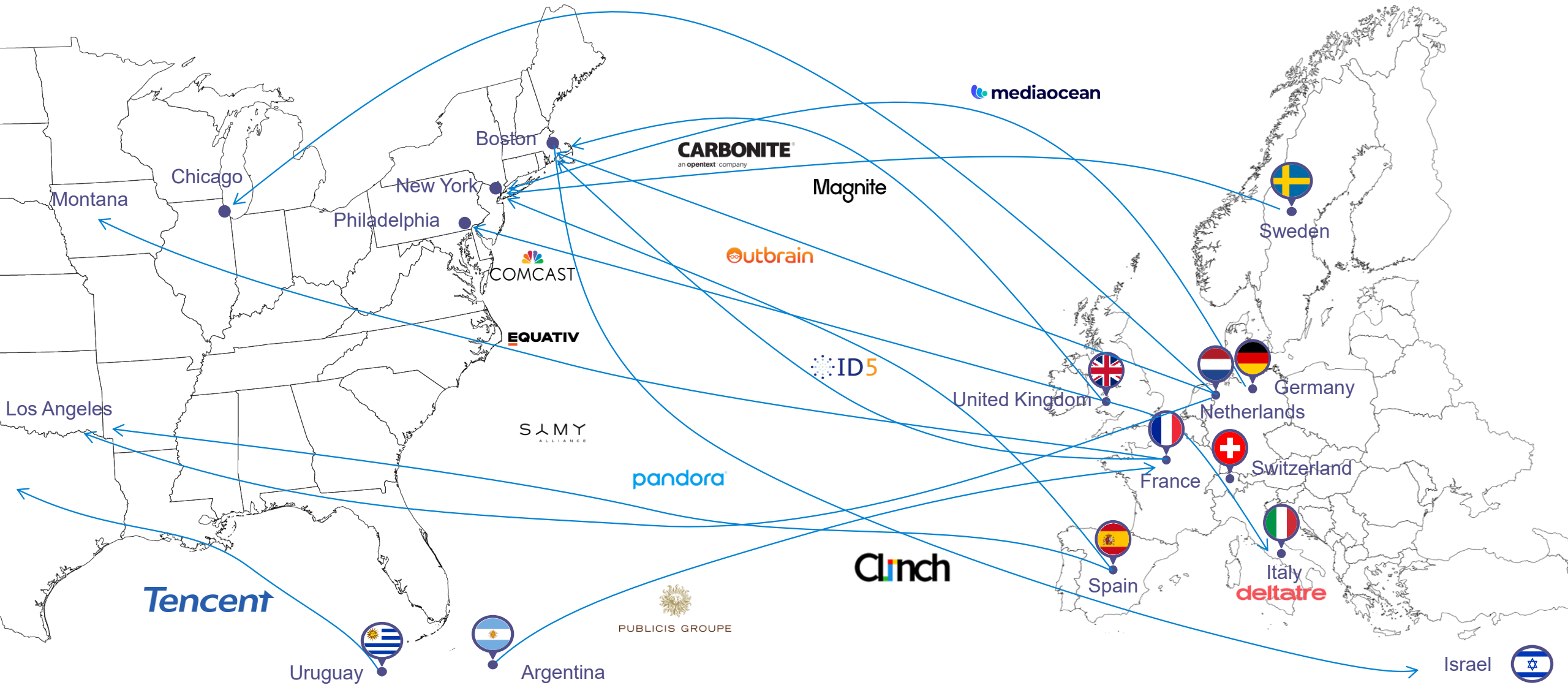
Notable Exits



150+ Executives in Residence



A Focused Brand With Global Reach



Why Progress Partners



We are a full-service investment bank **building value in the digital future.**

Our significant transaction experience and diverse backgrounds inform our negotiations and, more importantly, what the conversations on the other side of the table look like.

We're bold partners with a future vision for the industries we cover and think creatively across our sectors to consistently deliver outsized value.

Genuine Experts

- We value entrepreneurial leadership and technology
- We understand the change for which entrepreneurial leaders and visionaries strive

Nimble Partners

- We can see around corners and proactively respond to the accelerated pace of innovation and change

Trusted Relationships

- In a world questioning trust and integrity, our deep and long-standing relationships unlock insights to generate more value

Extensive Network

- Our EIR program connects us directly with accomplished professionals who have real world operational expertise
- This deepens our existing networks and provides unparalleled insights to directly benefit our clients

Contact Information



Parag Sheth
Managing Director
(703) 732-2812
psheth@progresspartners.com



Building Value for the Digital Future

10 Winthrop Square, 6th Floor
Boston, MA 02109

www.progresspartners.com



PROGRESS
PARTNERS

Building Value for the Digital Future

Boston

10 Winthrop Square, 6th Floor
Boston, MA 02109

New York

405 Lexington Avenue, Suite 903
New York, NY 10174

Washington, D.C.

1750 Tysons Blvd, Suite 1501
McLean, VA 22102

www.progresspartners.com